

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:6064
ANSWERED ON:06.05.2002
INCREASE IN AIR FARES
VILAS BABURAO MUTTEMWAR

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the air fares in respect of west bound destination flights from India have increased by almost 100 per cent;
- (b) if so, the reasons therefor;
- (c) whether the airlines deduct the tax at source on the standard IATA commission in contravention of the instructions of Income Tax authorities for deducting tax at source on the difference between the gross and net fares; and
- (d) if so, the reasons for not strictly following the instructions of Income Tax authorities?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN)

(a) and (b): No Sir. Air fares on various routes vary from season to season depending upon demand and supply. Due to fall in demand in air travel following terrorist attack in United States on 11th September, 2001 and the events thereafter, various airlines had offered discounts, which are now being discontinued in phases following recovery.

(c)and(d): As per the provisions of Section 194H of the Income Tax Act, 1961, introduced with effect from 1.6.2001, tax is to be deducted at source from any income by way of commission or brokerage. The Central Board of Direct Taxes has not issued any instruction on the applicability or otherwise of Section 194H on the standard IATA commission.